

Fiscal Year Return Projections for the United States: 2004 - 2011

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Fall 2004*



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Forecasts Available Electronically

The following forecasts are also available on the IRS's web site. This site can be reached at **www.irs.gov**. Select the "Tax Stats" option, then "Products, Publications, and Papers," and then "Projections" (under the Publications heading). IRS employees can also access this projection product on the IRWeb intranet site by selecting the "Commissioner" option (under the *Navigating the IRS* section); followed by the "Research, Analysis and Statistics" option; the "Office of Research" option; and then the "P & F Products" option.

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**Fiscal Year Return Projections for the United States:
2004 – 2011**

Document 6292
Fall 2004 Update

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Overview

This Fall 2004 edition of Document 6292 presents U.S. level projections of returns to be filed with the IRS by major form type for fiscal year (FY) 2004 through 2011. These projections provide a foundation for IRS workload estimates and resource requirements contained in budget submissions to the Department of the Treasury, Office of Management and Budget, and the Congress. The Office of Research staff within the IRS Research, Analysis and Statistics organization develops and updates these forecasts semiannually to reflect the changes in filing patterns, statutory requirements, and administrative procedures. The updates also incorporate the current economic and demographic outlook. Forecasts of economic and demographic data series used by Research staff to prepare some of these return projections are provided by Global Insight Inc. Enacted tax law changes and confirmed administrative plans are reflected in these return projections. However, legislative or administrative initiatives simply under consideration generally are not used to update these return projections because of the uncertainty of their eventual outcome. Thus, the projections of electronically filed (e-file) returns contained in this publication are not goals, per se, and should not be interpreted as precluding an alternate e-file future. The projections in this document are based on information available as of summer 2004.

Data Sources and Projection Methodology

The reported actual volumes of returns filed in FY 2003 by form type are based mainly on filings as recorded on the IRS master files. With a few exceptions, these volumes are the same as those reported in the Internal Revenue Service Data Book (Publication 55B) for that processing year. Program staff under IRS's Tax Exempt/Government Entities Division provided the historical data for some newly forecasted forms, such as those under the "Government Entity/Bonds" category. Also, the distribution of returns by operating division was estimated by Research staff to adjust for known shortcomings in the raw master file tallies.

The forecasts presented in Document 6292 are based on various statistical models that capture the historical return filing patterns by form type. Most models use time series (trend) extrapolation methods. However, some are regression based models that use economic and demographic variables such as total employment and gross domestic product. Where historical data are limited or non-existent, such as for new e-file products, the filing pattern for a comparable return type is applied. The projections are made on a calendar year basis and then converted to fiscal year based on the quarterly filing experience of one or more historical years.

Summary of Significant Trends and Revisions

A summary of the major trends and significant revisions from the projections developed in the spring edition of this publication are noted below.

Changes in the Table Formats

The format of the main projection table (Table 1) remains the same as the Spring 2004 Update of Document 6292 and includes detail for electronic projections of certain business forms. However, to improve its readability we have expanded Table 1 to two pages. Also, Form 990C is presented as a separate line item from the Total Exempt Organization grouping due to its business operating division (BOD) classification. Although Form 990C belongs to the Form 990 series, it is classified under IRS's Large and Mid-Sized Business operating division, not the Tax-Exempt/Government Entities Division. This affects the total return volume for Exempt Organization in Table 1 and Table 2. Customers should keep this in mind when making any historical comparisons to past-published data series.

Business and Exempt Organization E-file

Included for the first time in the spring edition and continued again in this fall update of Document 6292 are projected volumes for electronically filed business and exempt organization returns. The inclusion of these particular e-file forecasts is in response to a customer request. Currently, the major business and exempt organization tax returns that can be filed electronically are: Forms 940, 941, 1065, 1041, 1120, 1120S, 990, 990EZ, 990PF, and 1120POL. Depending on the form type, "non-paper" returns can be filed via various methods, including electronic, online filing, TeleFile, and the XML format. With the cessation of the magnetic tape filing program in February 2004, a small volume of employment returns were also received via this medium through FY 2004. The IRS will continue its expansion of the modernized E-file program in the future, so it is expected that the electronic filing options for business forms will continue to increase and that more e-file projections will be added to future additions of this publication.

Changes in Estate Tax

The Economic Growth and Tax Relief Reconciliation Act of 2001 has a significant impact on estate tax law. The tax relief act reduces estate tax liability by raising the allowable exempt amount of taxable estates and by lowering the maximum tax rate for calendar years 2002 through 2009. Under current law, the estate tax will be repealed in 2010, only. In 2011, the estate tax law will then revert to the law in place before June 7, 2001. The effects of the 2001 tax law account for the projected downward trend in estate tax return filings.

Employee Plans Returns

In July 2001, the Internal Revenue Service ceased processing Employee Plans (EP) returns. That responsibility now resides with the Department of Labor. Therefore, there are no EP volumes presented in Table 1. However, staff with IRS Tax Exempt/Government Entities (TE/GE) Division still need projected volumes for total EP returns filed for other resource planning purposes. Thus, projections for EP returns are presented in Table 2, *Selected Fiscal Year Return Filing Estimates by Business Operating Division*.

Forms 5500 and 5500EZ are multi-agency EP returns that are filed to satisfy reporting requirements to Internal Revenue Services, Department of Labor, and Pension Benefit Guaranty Corp. The 2003 actual EP return filing counts reflect the Employee Plan Master File Report, which includes welfare benefit plan returns. However, the projection of EP returns is based on the 208-18-10 Report, which provides a more accurate count of the number of Forms 5500 and 5500EZ for which IRS has jurisdiction in the future. Hence, our forecast of EP returns is much lower than the 1.5 million returns processed in 2003.

Fiduciary (Form 1041)

Potential regulatory changes for tax year 2005 would modify the filing requirements for certain trusts. In effect, a significant volume of Form 1041 returns (particularly among the electronically filed returns) would instead be reported via the Form 1099 series. The change would likely result in a decrease of approximately 450,000 Forms 1041. However, due to the tentative nature of this proposed regulation, its effect has not been reflected in this update of Document 6292.

Trends for Major Form Types

The projected trends for major form types in this fall update are little changed from the spring Document 6292. However, one exception is the Form 1040ES. In the spring, we had forecasted the return volume for this form to decrease. However, based on more recent filing experience and an improving U.S. economy, we now project this form to grow slightly at an average of 0.6% through 2011.

Other changes for this fall are mostly fine-tuning of our spring forecasts, based on more current filing experience. For example, the projected FY2005 total individual return volume is 132.6 million, about 800,000 less than the spring forecast. Revisions for FY2005 for the other form types are much less pronounced.

Detail by Business Operating Division

Table 2 presents estimates of selected return filings by IRS “Business Operating Divisions” (BODs). The selected returns include total individual income tax returns, total corporation income tax returns, partnership returns, total employment returns, total excise returns, and the exempt organization returns (per the new EO grouping convention which excludes Form 990C). Where applicable these volumes are broken out by their operating division components: “Wage and Investment” (W&I), “Small Business/Self Employed” (SB/SE), “Large and Mid-Sized Business” (LMSB) and “Tax Exempt/Government Entities” (TE/GE). Also included are projected total filings of employee plans (EP) returns (processed by the Department of Labor), which comprise major return filings by taxpayers served by the TE/GE operating division. Since fiscal year 2002, the definition of LMSB reflects corporation and partnerships with \$10 million or more in assets.

Projections and Forecasting Performance Measurement

In an ongoing effort to provide Projections and Forecasting Group customers a measurement of the quality of our products and services, we present updated versions of our “Track Record” and “Customer Satisfaction Survey” results. The track record provides statistical measures of our forecasting accuracy, while the survey results present qualitative information on the level of satisfaction internal IRS customer find in our products and services. Our intention is to include this feedback on our performance in all of our major tax return projection publications, and to act upon these results to make further improvements in our services.

Track Record of Projections Accuracy

This “track record” section, along with Table 3, provide a brief analysis of the accuracy of prior projections prepared by the Projections and Forecasting Group within the Office of Research. Using four years of actual data for 2000 through 2003, Table 3 presents the accuracy of our national level projections, by major return categories, as presented in our various documents published from 1994 to 2003. For manageability purposes, this track record material covers only the major return categories we forecast on a calendar year basis. It serves as a general measure for gauging the overall reliability of our U.S. level return projections.

The return categories considered in Table 3 consist of the following: Grand Total, Total Primary Returns, Individual (income tax) Total, Individual Estimated Tax, Fiduciary, Partnership, Corporation, Employment, Exempt Organization, and Excise. Where there were sufficient data on prior forecasts, we have also included selected breakouts of “paper” volumes versus “e-file/magnetic tape” filings. The table presents two measures of projection accuracy: the mean absolute percent error (MAPE), and the number of over-projections. We also include the latest actual filing volumes for 2003 to provide perspective on the relative size of the “numbers” being projected. The MAPE is computed as

the average percent projection error (regardless of whether they were over- or under- projections) over the four most recently applicable projection cycles. The associated number of over-projections can show whether we consistently over- or under- project. A value of two indicates balanced forecasts over the four cycles, therefore is most desirable. The table groups these two measures by time horizon. The time horizon is determined by when the forecast was made and for what future year. For example, a forecast for 2000 made in 1997 would be part of the "3-years-ahead" time horizon. The table presents time horizons from one to five years ahead. For each, we factor in the most current four observations. As an example, for the "3-years-ahead" information, we use the forecasts made in 1997 for 2000, those made in 1998 for 2001, those made in 1999 for 2002, and those made in 2000 for 2003.

Customer Satisfaction Survey


As part of our commitment to performance measurement, the Projections & Forecasting Group conducted our fifth annual survey of IRS customers to determine satisfaction levels with our products and services. The table below summarizes the results of those surveys on five major dimensions.

<i>Projections & Forecasting Group Customer Satisfaction Survey Result*</i>						
	Percent "Somewhat Satisfied" thru "Totally Satisfied"					Percent "Totally Satisfied"
<u>Measure</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2004</u>
Accuracy	80.8	87.2	87.8	82.7	83.4	59.3
Timeliness	84.6	84.2	88.2	95.7	83.3	57.4
Responsiveness of PFG Staff	68.6	65.6	73.7	73.9	68.0	64.2
Product Meeting Needs	-	-	-	93.5	83.3	53.7
Overall Satisfaction	94.2	92.7	91.4	95.6	92.6	66.7

* In 2004, the rating scale on the Projections & Forecasting Group customer satisfaction survey was changed to conform to the standard used for all offices within Research, Analysis and Statistics. Data were configured above to provide both a comparable historical trend, plus information on the new "totally satisfied" demarcation.

Comments and Questions

We thank customers who have participated in our past surveys and ask for your continued cooperation in future iterations. Also, we continually seek to improve customer service wherever we can and we welcome customer feedback at any time. Comments and suggestions regarding this document can be directed to Russell Geiman Chief, Projections & Forecasting Group on (202) 874-0607. Questions concerning a specific tax return listed in this document may also be directed to the projections staff listed on the inside front cover. Finally, the tables contained in this document are also available electronically, as noted on the inside front cover.



Kay Wolman
Acting Director, Office of Research

Table 1. Fiscal Year Projections of the Number of Returns to be Filed with IRS

Type of Return	Actual 2003	Project							
		2004	2005	2006	2007	2008	2009	2010	2011
Grand Total	223,701,847	226,047,900	228,784,500	232,181,100	235,405,200	238,400,700	241,049,100	243,638,000	246,544,200
Total Primary Returns	204,589,540	206,293,200	208,520,200	211,477,400	214,272,500	216,848,400	219,088,200	221,274,600	223,724,500
Individual Income Tax, Total	130,728,353	131,171,400	132,600,700	134,478,700	136,250,600	137,907,500	139,387,300	140,821,700	142,297,700
Forms 1040, 1040A and 1040EZ	130,043,192	130,451,500	131,851,600	133,695,900	135,434,200	137,057,500	138,503,600	139,904,400	141,346,800
Form 1040NR	580,150	603,700	627,300	655,600	683,900	712,100	740,400	768,700	796,900
Forms 1040PR and 1040SS	105,011	116,300	121,800	127,200	132,500	137,900	143,200	148,600	154,000
Individual Estimated Tax, Form 1040-ES	28,588,294	28,939,800	29,008,600	29,311,900	29,571,400	29,749,600	29,806,800	29,824,400	30,087,500
Fiduciary, Form 1041	3,688,043	3,774,000	3,848,400	3,922,700	3,997,000	4,071,300	4,145,600	4,219,900	4,294,300
Paper Fiduciary Returns	2,392,811	2,463,700	2,474,500	2,485,400	2,496,400	2,507,400	2,518,400	2,529,300	2,540,000
Electronic Fiduciary Returns	1,295,232	1,310,300	1,373,900	1,437,300	1,500,600	1,563,900	1,627,200	1,690,600	1,754,300
Fiduciary Estimated Tax, Form 1041-ES	632,982	688,600	729,000	763,700	797,900	832,500	866,100	905,000	944,400
Partnership, Forms 1065 and 1065B	2,380,618	2,524,700	2,665,000	2,806,200	2,946,400	3,083,600	3,215,900	3,341,400	3,458,100
Paper Partnership Returns	2,332,994	2,437,300	2,530,300	2,614,000	2,686,200	2,744,800	2,787,900	2,813,500	2,819,900
Electronic Partnership Returns	47,624	87,400	134,700	192,200	260,300	338,900	428,100	527,900	638,200
Corporation Income Tax, Total	5,866,387	6,058,500	6,226,200	6,394,800	6,563,800	6,733,000	6,902,600	7,072,500	7,242,700
Paper Corporation Returns, Total	5,866,387	6,013,800	6,139,100	6,242,200	6,265,100	6,206,400	6,161,700	6,075,600	5,944,400
Electronic Corporation Returns, Total	n.a.	44,700	87,100	152,700	298,700	526,600	740,900	996,900	1,298,300
Forms 1120 and 1120A	2,337,352	2,333,800	2,321,300	2,309,600	2,298,200	2,287,200	2,276,400	2,265,900	2,255,600
Electronic 1120/1120A	n.a.	10,000	24,600	47,400	97,800	174,100	242,100	320,700	412,700
Form 1120F	25,620	27,200	28,000	29,100	30,400	31,600	32,900	34,300	35,700
Form 1120H	148,938	159,900	166,100	171,300	176,600	181,800	187,100	192,300	197,600
Forms 1120L/PC/SF/FSC/REIT/RIC	24,015	23,100	22,900	24,000	25,000	26,100	27,100	28,200	29,300
Form 1120S	3,330,462	3,514,600	3,688,000	3,860,800	4,033,500	4,206,300	4,379,100	4,551,900	4,724,600
Electronic 1120S	n.a.	34,700	62,600	105,200	200,900	352,500	498,800	676,200	885,600
Small Corporation Election, Form 2553	614,470	621,500	639,900	659,400	678,400	697,000	715,200	733,200	751,000
"REMIC" Income Tax, Form 1066	16,490	18,300	19,900	21,300	22,800	24,300	25,900	27,500	29,100
Estate, Forms 706, 706NA/GS(D)/GS(T)	91,679	74,200	62,500	41,900	32,400	28,700	28,500	13,700	4,700
Gift, Form 709	287,456	288,300	291,500	294,400	301,100	308,700	316,300	323,800	331,300
Employment Tax, Total	29,902,315	30,270,800	30,542,800	30,842,400	31,146,200	31,393,500	31,635,700	31,895,500	32,164,600
Paper Employment Returns, Total	24,608,684	24,863,900	24,700,600	24,574,100	24,506,400	24,367,500	24,204,500	24,037,900	23,859,300
Magnetic Tape Employment Returns, Total	1,423,195	729,300	0	0	0	0	0	0	0
Electronic Employment Returns, Total	3,870,436	4,677,600	5,842,300	6,268,300	6,639,700	7,026,000	7,431,200	7,857,600	8,305,300
Form 940, Total	5,674,961	5,731,200	5,757,200	5,783,200	5,809,200	5,835,200	5,861,200	5,887,200	5,913,200
Paper Forms 940, 940EZ and 940PR	4,855,088	4,846,300	4,847,800	4,814,600	4,781,500	4,748,300	4,715,200	4,682,100	4,648,900
Magnetic Tape, Form 940	462,016	472,200	0	0	0	0	0	0	0
Form 940 E-File/On-line/XML	357,857	412,700	909,400	968,500	1,027,700	1,086,900	1,146,000	1,205,200	1,264,300
Forms 941, 941PR and 941SS, Total	23,784,322	24,111,500	24,369,800	24,655,500	24,945,500	25,179,000	25,407,400	25,653,400	25,908,700
Paper 941, 941PR/SS, Total	19,310,564	19,589,500	19,436,900	19,355,800	19,333,500	19,239,800	19,122,200	19,000,900	18,867,700
Magnetic Tape, Form 941	961,179	257,000	0	0	0	0	0	0	0
Form 941 E-File/On-line/XML	2,686,046	3,449,900	4,122,500	4,494,400	4,811,700	5,143,300	5,493,300	5,864,300	6,256,200
Form 941 TeleFile	826,533	815,000	810,400	805,400	800,400	795,900	791,900	788,200	784,800
Forms 943, 943 PR and 943SS	275,851	268,100	259,500	250,800	242,200	233,500	224,900	216,200	207,600
Form 945	165,217	158,100	154,500	150,900	147,400	143,800	140,300	136,700	133,200
Form CT-1	1,964	2,000	2,000	2,000	1,900	1,900	1,900	1,900	1,900
Withholding on Foreign Persons, Form 1042	29,260	30,500	31,100	31,700	32,400	33,000	33,700	34,300	35,000

Notes:

See Table Notes page for definitions of "Type of Return."
Detail may not add to subtotal/total due to rounding.

Table continues on the next page.

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Table 1 (continued). Fiscal Year Projections of the Number of Returns to be Filed with IRS

Type of Return	Actual 2003	Project							
		2004	2005	2006	2007	2008	2009	2010	2011
Exempt Organization, Total*	785,861	835,000	866,200	898,200	929,000	958,900	987,800	1,016,100	1,043,700
Paper Exempt Organization, Total	785,861	834,300	852,600	879,100	897,600	900,900	904,500	902,300	894,200
Electronic Exempt Organization, Total	n.a.	700	13,600	19,100	31,500	58,000	83,300	113,800	149,500
Form 990	386,495	409,200	424,600	442,300	460,100	477,800	495,500	513,300	531,000
Form 990, Electronic	n.a.	400	8,800	12,300	20,200	37,300	53,600	73,300	96,500
Form 990EZ	137,590	159,300	170,000	177,100	183,200	188,300	192,600	196,200	199,300
Form 990EZ, Electronic	n.a.	300	3,100	4,300	7,000	12,700	18,000	24,200	31,500
Form 990PF	82,089	89,000	93,400	97,900	102,500	107,000	111,600	116,100	120,600
Form 990PF, Electronic	n.a.	n.a.	1,700	2,500	4,200	8,100	11,800	16,300	21,600
Form 990T	54,482	49,600	47,800	47,900	48,100	48,200	48,300	48,400	48,500
Form 4720	2,071	2,100	2,200	2,300	2,400	2,500	2,600	2,700	2,800
Form 5227	123,134	125,700	128,100	130,500	132,900	135,100	137,300	139,400	141,500
Form 990C *	3,520	3,600	3,500	3,400	3,300	3,300	3,200	3,100	3,000
Government Entity/Bonds	71,098	58,200	60,600	62,500	64,400	66,300	68,200	70,000	71,900
Form 8038	4,641	5,100	5,200	5,300	5,300	5,400	5,500	5,600	5,700
Form 8038G	30,954	32,600	34,300	35,900	37,600	39,300	40,900	42,600	44,200
Form 8038GC	15,529	12,000	12,600	12,700	12,900	13,000	13,100	13,300	13,400
Form 8038T	19,797	8,400	8,400	8,400	8,400	8,400	8,400	8,400	8,400
Form 8328	177	200	200	200	200	200	300	300	300
Political Organizations	23,603	28,900	14,400	28,800	14,000	28,800	13,700	28,700	13,300
Form 1120POL	7,453	6,500	6,400	6,400	6,300	6,300	6,300	6,200	6,200
Electronic Form 1120POL	n.a.	0	100	200	200	400	600	800	1,000
Form 8871	8,568	9,900	4,600	9,900	4,400	9,900	4,300	9,900	4,200
Form 8872	7,582	12,500	3,400	12,500	3,200	12,500	3,100	12,600	3,000
Excise, Total	812,483	843,600	848,900	856,000	863,700	871,900	880,700	889,800	899,500
Form 11-C	11,324	10,300	9,900	9,500	9,200	8,800	8,500	8,200	7,900
Form 720	150,546	134,300	125,500	117,300	109,600	102,500	95,800	89,500	83,600
Form 730	50,783	47,400	46,200	45,300	44,500	43,600	42,800	41,900	41,100
Form 2290	599,830	651,600	667,300	683,800	700,400	717,000	733,600	750,200	766,800
Excise Taxes re Employee Plans, Form 5330	22,009	21,600	20,800	20,200	19,700	19,100	18,500	18,000	17,400
Payment or Refund under Sec. 7519, Form 8752	44,618	41,400	40,200	39,100	38,200	37,300	36,500	35,800	35,200
Supplemental Documents	19,112,307	19,754,700	20,264,300	20,703,600	21,132,700	21,552,300	21,960,900	22,363,500	22,819,800
Form 1040X	3,568,280	3,596,400	3,659,800	3,736,400	3,808,100	3,875,200	3,935,800	3,994,300	4,110,300
Form 4868	8,476,520	8,678,600	8,943,500	9,135,400	9,323,800	9,509,100	9,691,700	9,872,000	10,050,200
Form 2688	3,247,171	3,472,400	3,575,500	3,675,600	3,775,800	3,876,000	3,976,100	4,076,300	4,176,400
Form 1120X	15,205	15,500	15,700	15,900	16,100	16,300	16,500	16,700	16,900
Form 5558	398,985	410,800	429,000	447,200	465,300	483,500	501,700	519,900	538,100
Form 7004	3,006,107	3,177,800	3,234,400	3,283,500	3,330,800	3,376,100	3,419,800	3,461,700	3,502,000
Form 8868	400,039	403,200	406,400	409,600	412,800	416,000	419,300	422,600	425,900
Electronic Form 8868	n.a.	400	8,400	11,400	18,200	32,500	45,300	60,300	77,400

Notes:

See Table Notes page for definitions of "Type of Return."

Detail may not add to subtotal/total due to rounding.

*Exempt Organization Total excludes Form 990C.

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Table 2. Selected Fiscal Year Return Filing Estimates by Business Operating Division (BOD)

Type of Return/BOD	Actual 2003	2004	2005	2006	Projected 2007	2008	2009	2010	2011
Individual Income Tax, Total	130,728,353	131,171,400	132,600,700	134,478,700	136,250,600	137,907,500	139,387,300	140,821,700	142,297,700
Small Business/Self Employed	37,057,019	38,010,300	38,985,800	39,989,600	41,018,100	42,071,800	43,151,400	44,257,600	45,390,900
Wage and Investment	93,671,334	93,161,100	93,614,900	94,489,000	95,232,400	95,835,700	96,235,900	96,564,200	96,906,800
Corporation Income Tax, Total	5,866,387	6,058,500	6,226,200	6,394,800	6,563,800	6,733,000	6,902,600	7,072,500	7,242,700
Small Business/Self Employed	5,768,229	5,959,900	6,125,700	6,292,100	6,458,900	6,625,900	6,793,400	6,961,100	7,129,100
Large and Mid-Sized Business	88,981	89,200	90,900	92,800	94,700	96,600	98,500	100,500	102,400
Tax Exempt/Government Entities	9,178	9,400	9,700	9,900	10,200	10,500	10,700	11,000	11,300
Partnership Returns	2,380,618	2,524,700	2,665,000	2,806,200	2,946,400	3,083,600	3,215,900	3,341,400	3,458,100
Small Business/Self Employed	2,307,368	2,443,900	2,577,000	2,710,800	2,843,700	2,973,600	3,098,500	3,216,600	3,325,900
Large and Mid-Sized Business	72,902	80,400	87,700	95,000	102,300	109,600	117,000	124,300	131,700
Tax Exempt/Government Entities	347	400	400	400	400	400	500	500	500
Employment Tax, Total	29,902,315	30,270,800	30,542,800	30,842,400	31,146,200	31,393,500	31,635,700	31,895,500	32,164,600
Small Business/Self Employed	27,306,034	27,641,500	27,887,900	28,159,100	28,434,000	28,658,100	28,877,500	29,112,900	29,356,600
Large and Mid-Sized Business	599,926	606,600	611,600	617,200	622,800	627,400	631,900	636,700	641,700
Tax Exempt/Government Entities	1,996,355	2,022,700	2,043,300	2,066,200	2,089,300	2,108,000	2,126,300	2,145,900	2,166,300
Excise, Total	812,483	843,600	848,900	856,000	863,700	871,900	880,700	889,800	899,500
Small Business/Self Employed	710,775	747,300	755,500	765,200	775,300	785,800	796,600	807,700	819,100
Large and Mid-Sized Business	65,966	63,100	61,100	59,300	57,700	56,200	54,800	53,600	52,500
Tax Exempt/Government Entities	35,742	33,300	32,300	31,500	30,700	30,000	29,200	28,500	27,900
Exempt Organization, Total	785,861	835,000	866,200	898,200	929,000	958,900	987,800	1,016,100	1,043,700
Tax Exempt/Government Entities	785,861	835,000	866,200	898,200	929,000	958,900	987,800	1,016,100	1,043,700
Employee Plans, Forms 5500, 5500EZ and 5500C/R	1,534,615	998,500	998,500	998,500	998,500	998,500	998,500	998,500	998,500
Tax Exempt/Government Entities	1,534,615	998,500	998,500	998,500	998,500	998,500	998,500	998,500	998,500

Notes:

Form 990C returns are considered Large and Mid-Sized Business and are excluded from the Exempt Organization total.

Projections of Employee Plans returns are based on the 208-18-01 Report; the 2003 count reflects postings to the Employee Plans Master File.

Detail may not add to total due to rounding.

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Office of Research, Projections and Forecasting Group
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Table 3. Accuracy Measures for U.S. Forecasts of Major Return Categories Mean Absolute Percent Error (MAPE) and Number of Overprojections for the Four (4) Most Recent Projection Cycles						
Item	Calendar Year 2003 Actual * (thousands)	Projection Error on Forecasts for:				
		1 Year Ahead N=4	2 Years Ahead N=4	3 Years Ahead N=4	4 Years Ahead N=4	5 Years Ahead N=4
Grand Total	222,703					
MAPE		2.37%	3.74%	4.11%	4.26%	4.12%
Number of Overprojections		4	4	4	3	2
Grand Total - Paper	162,219					
MAPE		2.86%	5.55%	na	na	na
Number of Overprojections		4	4	-	-	-
Grand Total - E-file/ Mag Tape	60,483					
MAPE		3.35%	4.82%	na	na	na
Number of Overprojections		2	1	-	-	-
Total Primary Returns	204,291					
MAPE		2.55%	3.93%	4.56%	4.58%	4.31%
Number of Overprojections		4	4	4	3	2
Primary Total - Paper	144,672					
MAPE		3.18%	5.66%	na	na	na
Number of Overprojections		4	4	-	-	-
Primary Total - E-file/ Mag Tape	59,619					
MAPE		3.11%	4.82%	na	na	na
Number of Overprojections		2	1	-	-	-
Individual Total	130,837					
MAPE		0.68%	1.14%	0.93%	1.14%	1.04%
Number of Overprojections		3	3	3	1	1
Individual Total - Paper	77,968					
MAPE		2.06%	4.17%	6.50%	12.58%	17.60%
Number of Overprojections		3	3	3	4	4
Individual Total - E-file	52,869					
MAPE		4.30%	6.67%	16.58%	27.01%	36.69%
Number of Overprojections		2	1	1	0	0
Individual Estimated Tax	28,614					
MAPE		12.81%	18.97%	22.74%	24.22%	22.69%
Number of Overprojections		4	4	4	3	2
Fiduciary Total	3,705					
MAPE		2.60%	2.95%	5.43%	4.10%	3.25%
Number of Overprojections		2	2	3	2	2
Partnership Total	2,405					
MAPE		2.64%	3.59%	6.24%	10.27%	16.46%
Number of Overprojections		1	1	1	0	0
Corporation Total	5,913					
MAPE		2.41%	2.75%	3.68%	3.17%	3.16%
Number of Overprojections		1	3	3	3	3
Employment Total	30,091					
MAPE		1.92%	1.97%	2.64%	3.25%	2.57%
Number of Overprojections		2	3	3	3	4
Exempt Organization Total	814					
MAPE		5.62%	5.28%	5.60%	6.46%	9.53%
Number of Overprojections		2	2	2	1	0
Excise Total	845					
MAPE		5.02%	6.32%	7.36%	6.49%	8.66%
Number of Overprojections		3	4	3	4	4
* Some actuals shown in this table differ from official counts reported elsewhere in this document because they exclude certain return series only recently projected and whose accuracy can not yet be evaluated. Internal Revenue Service Office of Research, Projections and Forecasting Group 2004						

Table Notes

Detail may not add due to rounding.

Projections are based on counts of returns filed as recorded in the *Reports of Returns Posted to the IRS Master Files*, with a few exceptions. The historical 2003 counts of Forms 1040X, 1120L, 8871, 8872 and 941 reflects some estimation by Research staff to correct for known shortcomings in the official Master File reports. In addition, data for the following forms were provided by the customers: 2553, 5558, and 8868. Also, the distribution of returns by operating division was estimated by Research staff to adjust for additional shortcomings in the raw master file tallies – particularly during the early months of the fiscal year.

Notes below are ordered as they appear in the tables.

Table 1

“Grand Total” is the sum of “Total Primary Returns” and “Supplemental Documents.”

“Total Primary Returns” is the sum of all returns, excluding “Supplemental Documents.”

“Individual Income Tax, Total” is the sum of paper and electronic Forms 1040, 1040A, 1040EZ, 1040NR, 1040PR, and 1040SS.

“Forms 1040, 1040A, and 1040EZ” is the sum of the paper and electronic Forms 1040, 1040A, and 1040EZ.

“Fiduciary” returns include both paper and electronic Form 1041.

“Partnership” includes both paper and electronic Form 1065, and Form 1065-B.

“Corporation Income Tax, Total” includes Forms 1120/1120A (both paper and electronic), 1120F, 1120H, 1120L, 1120PC, 1120SF, 1120FSC, 1120REIT, 1120RIC, and 1120S (both paper and electronic). As a result of enacted legislation, no Form 1120FSC returns are expected beyond FY 2005.

“Form 2553” is the *Election by a Small Business corporation*.

“Form 1066” is the *U.S. Real Estate Mortgage Investment Conduit (REMIC) Income Tax Return*.

“Estate” includes Forms 706, 706NA, 706GS(D), and 706GS(T).

“Form 709” is the *United States Gift (and Generation-Skipping Transfer) Tax Return*.

“Employment Tax” includes paper, magnetic tape and electronic Forms 940, 940EZ, 940PR, 941, 941PR, 941SS, 943, 943PR, 943SS, 945, and CT-1.

“Form 1042” is the *Annual Withholding Tax Return for U.S. Source Income of Foreign Persons*. It is sometimes considered an employment tax return, but listed separately here.

“Exempt Organization” includes Forms 990, 990EZ, 990PF, 990T, 4720, and 5227.

“Form 990C” is the *Farmer’s Cooperative Association Income Tax Return*. It was listed under exempt organization in the 2003 edition of Doc. 6292.

“Government Entities /Bonds” includes Forms 8038, 8038G, 8038GC, 8038T and 8328.

“Political Organizations” includes Forms 1120POL, 8871 and 8872. In prior years, Form 1120POL was grouped under “Corporations.”

“Excise, Total” includes Forms 11-C, 720, 730, and 2290.

“Form 5330” is the *Return of Excise Taxes Related to Employee Benefit Plans*.

“Form 8752” is the *Required Payment or Refund Under Section 7519*.

“Supplemental Documents” consist mainly of applications for extensions of time to file and amended tax returns, which include Forms 1040X, 4868, 2688, 1120X, 5558, 7004, and 8868 (both paper and electronic).

Table 2

Individual filers classified as “Small Business/Self Employed” reflect those with a Schedule C, Schedule F, Schedule E and/or Form 2106 attached, or with mailing addresses or forms considered “International”. All other individual filers are classified as “Wage and Investment.”

In general, corporation filers (Form 1120 series returns including Form 1120S) and partnership filers are classified as “Large and Mid-Sized Business” if their reported total assets are \$10 million or more. Corporation and partnership returns with assets below \$10 million are generally classified as “Small Business/Self Employed.” However, there are also some partnership and corporation returns classified as part of the “Tax Exempt/Government Entities” operating division.

Non-profit organizations, pension plan filers, tribal authorities, and governmental units comprise the “Tax Exempt/Government Entities” classification.

“Employee Plans” include paper and electronic Forms 5500, 5500C, 5500EZ and 5500R. IRS ceased processing Employee Plans returns in July 2001.

Other Projection Documents

<u>Title</u>	<u>IRS Document Number</u>	<u>Typical Updates</u>
<i>Calendar Year Return Projections by State</i>	6149	Winter
<i>Calendar Year Return Projections for the United States and IRS Campuses</i>	6186	Fall
<i>Calendar Year Projections of Individual Returns by Major Processing Categories</i>	6187	Fall
<i>Calendar Year Projections of Information and Withholding Documents for the United States and IRS Centers</i>	6961	Spring

These documents are available electronically as noted inside the front cover.

These documents may also be requested

- (1) by phone at (202) 874-0514,
- (2) by fax at (202) 874-0613, or
- (3) by writing to the following address

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